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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 7, 2002

APPLICATION OF

COLUMBIA GAS OF VIRGINIA, INC.

CASE NO. PUE010587

For Approval of a Retail Supply
Choice Plan as Authorized by
§ 56-235.8 of the Code of Virginia

To Change Rates, Charges, Rules,
and Regulations

ORDER FOR NOTICE AND FOR FILING COMMENTS
AND REQUESTS FOR A HEARING

On January 2, 2002, Columbia Gas of Virginia, Inc.
("Columbia" or "Company"), filed its Application of Columbia Gas
of Virginia, Inc., For Approval of a Retail Supply Choice Plan
as Authorized by § 56-235.8 of the Code of Virginia (hereinafter
"Application"). According to the Company, the retail choice
plan would provide non-discriminatory access to Columbia's
delivery system to nearly all customers beginning in the 2002-
2003 heating season. (Application at 4-5.) The Application
includes rates, charges, terms, and conditions for its customers
not eligible for transportation service¹ and for gas suppliers

¹ As provided by § 56-235.8 A, "each public utility authorized to furnish natural gas service in Virginia (gas utility) is authorized to offer to all of the gas utility's customers not eligible for transportation service under tariffs in effect on the effective date of this section, direct access to gas suppliers (retail supply choice)" This provision took effect on

licensed under § 56-235.8 F of the Code to sell natural gas in Columbia's territory.

Among other features, the proposed plan includes a "Transition Costs Recovery Charge" to recover all non-mitigable costs related to open access. The charge would be calculated for all small-volume firm sales and delivery service customers, which include residential and small commercial users. (Id. at 15.)

Columbia states that the plan complies with the requirements of the Code of Virginia and the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 et seq. (hereinafter "Retail Access Rules") (Application at 4.) Attachment E to the Application lists requests for waiver of requirements of the Retail Access Rules.

In addition to the proposed provisions implementing retail supply choice, Columbia also proposed changes to rates, charges, terms, and conditions beyond the scope of retail supply choice as authorized by § 56-235.8 A of the Code.² Among the proposals are revisions to Rate Schedule TS1/TS2, Transportation Service 1 and 2, Rate Schedule LVTS, Large Volume Transportation Service,

July 1, 1999. In this Order, the Commission will refer to these customers as "choice customers."

² These customers would include those eligible for transportation service on July 1, 1999, and any other customers that do not fall within the group of "choice customers" described in footnote 1.

as well as other services. Columbia proposes to close Rate Schedule SAS, Special Agency Service, and Rate Schedule LSS, Limited Sales Service. (Id. at 14-15.) The Company also proposes to establish several new rate schedules: Rate Schedule AS, Aggregation Service, Rate Schedule GPLS, Gas Parking and Lending Service, and Rate Schedule TS3/TS4, Transportation Service 3 and 4.

Upon consideration of the Application and attachments and the requirements of § 56-235.8 of the Code, the Commission accepts the filing of a plan to implement retail supply choice. As provided by § 56-235.8 B of the Code, we will establish procedures for notice of the proposed plan and an opportunity to request a public hearing.

The proposed revisions in services now offered to transportation customers and the new services do not fall under the Code provision governing retail supply choice plans, § 56-235.8, and they must be considered under Article 2 (§ 56-234 et seq.) of Chapter 10 and related provisions of Title 56 of the Code of Virginia. The Commission has addressed a previous proposal by Columbia to establish a Rate Schedule TS3/TS4 and a Rate Schedule AS, which appear to be similar to those proposed in the Application. Preliminary Order of December 18, 2001, in Columbia Gas of Virginia, Inc., Case No. PUE010660 (Document Control No. 011220318); Order Permitting Withdrawal of

Application of December 27, 2001, in Columbia Gas of Virginia, Inc., Case No. PUE010660 (Document Control No. 011230026).³

The Commission held in Case No. PUE010660 that Columbia must file an appropriate application that supported proposed Rate Schedule TS3/TS4. The same requirement would extend to proposed Rate Schedules AS and GPLS and to proposed revisions to other rates, charges, terms, and conditions. Attached to the Application are proposed revised tariff pages setting out the new services and the changes in services now offered. There is a limited discussion of these proposals. (Application at 11-15)

At this time, the Commission has insufficient information to determine whether these proposed tariff revisions to transportation services and other services are just, reasonable, and uniform as required by §§ 56-234 and 56-235.2 of the Code of Virginia. The Commission has long interpreted these and related provisions of Title 56 of the Code to require a utility to file testimony and exhibits supporting proposed tariff revisions.⁴

³ Official copies of these orders may be obtained from the Clerk of the Commission. The unofficial text of these orders may be viewed on the Commission's Web site at <http://www.state.va.us./scc/orders.htm>.

⁴ The Commission has interpreted various provisions of Title 56 of the Code to authorize, in limited circumstances, administrative approval of tariff revisions without public notice. See Order Permitting Withdrawal of Application of December 27, 2001, in Columbia Gas of Virginia, Inc., Case No. PUE010660 (Document Control No. 011230026). Administrative approval has been limited to the approval of a new service offered by a utility or administrative tariff provisions that do not affect rates. As the Commission found in Case No. PUE010660, the proposed revisions could have a significant impact on the complex large-customer market, and proper consideration extends

Accordingly, the Commission will require the Company to file promptly testimony and exhibits supporting the various tariff revisions. We will provide procedures for notice and an opportunity to request a hearing. The Commission Staff will investigate the proposed revisions and file a report.

The proposed tariff provisions for transportation services and other services bear an effective date of July 1, 2002, which falls beyond any suspension date that the Commission could fix pursuant to § 56-238 of the Code of Virginia. Upon motion or on our own volition, the Commission may, after consideration of the record and notice to Columbia, declare some or all of these provisions that became effective July 1, 2002, interim and subject to refund.

Accordingly, IT IS ORDERED that

(1) The Company's application for approval of a retail supply choice program and to change rates, charges, rules, and regulations is docketed as Case No. PUE010587, and all associated papers are filed therein.

(2) On or before February 15, 2002, the Company shall file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and 15 copies of the testimony, exhibits, and other

beyond the limited scope of administrative review that we have delegated to our Division of Energy Regulation.

material supporting its application to change rates, charges, rules, and regulations.

(3) Upon written request received by its counsel, the Company shall provide a copy of its application at no cost. If acceptable to the requesting individual, the Company may provide the application, with or without attachments, by electronic means.

(4) On or before March 8, 2002, any interested person may file with the Clerk at the address in paragraph (2) above comments on Columbia's proposed retail supply choice plan and mail a copy to counsel to the Company, Mark C. Darrell, General Counsel, Columbia Gas of Virginia, Inc., 9001 Arboretum Parkway, Richmond, Virginia 23236-3488.

(5) On or before March 8, 2002, any interested person may file with the Clerk at the address in paragraph (2) above a request for a hearing on Columbia's retail supply choice plan and shall simultaneously serve a copy of the request for a hearing on counsel to the Company at the address in Paragraph (4) above. Any request for a hearing on the proposed retail supply choice program should identify the reasons for a hearing.

(6) On or before March 15, 2002, any interested person may file with the Clerk at the address in paragraph (2) above comments on Columbia's proposed changes to rates, charges,

rules, and regulations for transportation and other services and mail a copy to counsel to the Company at the address in Paragraph (4) above.

(7) On or before March 15, 2002, any interested person may file with the Clerk at the address in paragraph (2) above a request for a hearing on Columbia's proposed changes to rates, charges, rules, and regulations for transportation and other services and shall simultaneously serve a copy of the request for a hearing on counsel to the Company at the address in paragraph (4) above. Any request for a hearing on the proposed retail supply choice program should identify the reasons for a hearing.

(8) The Commission Staff shall investigate Columbia's retail supply choice plan, including the requests for waivers, and any comments and requests for a hearing. On or before March 29, 2002, the Staff shall file with the Clerk an original and 15 copies of a report of its analysis and recommendations and shall simultaneously serve a copy on counsel to the Company.

(9) On or before April 8, 2002, the Company may file with the Clerk an original and 15 copies of any comments on the Staff report and on other comments or requests for a hearing on the retail supply choice plan.

(10) The Commission Staff shall investigate Columbia's proposed changes to rates, charges, rules, and regulations for

transportation and other services. On or before April 12, 2002, the Staff shall file with the Clerk an original and 15 copies of a report of its analysis and recommendations and shall simultaneously serve a copy on counsel to the Company.

(11) On or before April 19, 2002, the Company may file with the Clerk an original and 15 copies of any comments on the Staff report and on any other comments or requests for a hearing on the proposed changes to rates, charges, rules, and regulations for customers that are not ineligible for transportation services.

(12) The Rules of Practice, 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: (i) answers and objections shall be served within ten (10) days after receipt of interrogatories, counting weekends and holidays; (ii) motions on the validity of any objections raised by answers shall be filed within five (5) working days of receipt of the objection; and (iii) answers, objections, and motions on the validity of objections shall be served by 3:00 p.m. of the due date, unless the Staff or party upon whom service must be made agrees in advance to other arrangements.

(13) On or before February 15, 2002, the Company shall publish the following notice as display advertising (not

classified) in newspapers of general circulation in its service territory.

NOTICE TO THE PUBLIC OF AN APPLICATION BY
COLUMBIA GAS OF VIRGINIA, INC., FOR APPROVAL
OF A RETAIL SUPPLY CHOICE PLAN AND TO CHANGE
RATES, CHARGES, RULES, AND REGULATIONS
CASE NO. PUE010587

Columbia Gas of Virginia, Inc. ("Columbia") has applied to the State Corporation Commission ("Commission") for approval of a proposed plan for retail supply choice pursuant to § 56-235.8 of the Code of Virginia. According to Columbia, the choice plan would provide non-discriminatory access to Columbia's delivery system to nearly all customers beginning in 2002. Non-discriminatory open access would allow licensed gas suppliers to sell natural gas directly to customers. The plan includes a "Transition Costs Recovery Charge" to recover all non-mitigable costs related to open access. The charge will be calculated for all small-volume firm sales and delivery service customers. The Transition Costs Recovery Charge would apply to residential and small general service customers that participated in retail supply choice and those that continued to receive gas from Columbia.

Columbia also proposed to change rates, charges, rules, and regulations for transportation and other services. Proposals include revisions to Rate Schedule TS1/TS2, Transportation Service 1 and 2, Rate Schedule LVTS, Large Volume Transportation Service, as well as other services. Columbia proposes to close Rate Schedule SAS, Special Agency Service, and Rate Schedule LSS, Limited Sales Service. The following new rate schedules are proposed: Rate Schedule AS, Aggregation Service, Rate Schedule GPLS, Gas Parking and

Lending Service, and Rate Schedule TS3/TS4, Transportation Service 3 and 4.

Copies of Columbia's application are available for inspection between 8:15 a.m. and 5:00 p.m. on Commission workdays in the Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia. Copies of the application may be requested from counsel to Columbia, Mark C. Darrell, General Counsel, Columbia Gas of Virginia, Inc., 9001 Arboretum Parkway, Richmond, Virginia 23236-3488.

Retail Supply Choice Plan

On or before March 8, 2002, any interested person may file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, comments on Columbia's proposed retail supply choice plan and mail a copy to counsel to Columbia, Mark C. Darrell, General Counsel, Columbia Gas of Virginia, Inc., 9001 Arboretum Parkway, Richmond, Virginia 23236-3488. Comments should refer to Case No. PUE010587. The Commission cannot assure that comments sent by facsimile or e-mail will be considered.

On or before March 8, 2002, any interested person may file with the Clerk at the address above a request for a hearing on Columbia's retail supply choice plan and shall simultaneously serve a copy of the request for a hearing on counsel to Columbia. Any request for a hearing on the proposed retail supply choice program should identify the basis for the request.

Other Proposed Changes

On or before March 15, 2002, any interested person may file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond,

Virginia 23218-2118, comments on Columbia's proposed changes to rates, charges, rules, and regulations for transportation and other services and mail a copy to counsel to Columbia, Mark C. Darrell, General Counsel, Columbia Gas of Virginia, Inc., 9001 Arboretum Parkway, Richmond, Virginia 23236-3488. Comments should refer to Case No. PUE010587. The Commission cannot assure that comments sent by facsimile or e-mail will be considered.

On or before March 15, 2002, any interested person may file with the Clerk at the address above a request for a hearing on Columbia's proposed changes to rates, charges, rules, and regulations for transportation and other services and shall simultaneously serve a copy of the request for a hearing on counsel to Columbia. Any request for a hearing on the proposed retail supply choice program should identify the basis for the request.

Official copies of the Commission's order may be obtained from the Commission's Document Control Center. The unofficial text of orders, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's Web site
<http://www.state.va.us/scc/index.htm>

(14) On or before February 13, 2002, the Company shall mail, by first-class mail, postage prepaid, a copy of the notice prescribed in ordering paragraph (13) to all customers served under Rate Schedule TS1 and TS2, Transportation Service 1 and 2, Rate Schedule LVTS, Large Volume Transportation Service, Rate Schedule SAS, Special Agency Service, and Rate Schedule LSS,

Limited Sales Service, and to all gas suppliers licensed by the Commission to serve any portion of the Company's territory.

(15) On or before March 8, 2002, the Company shall file with the Clerk proof of the publication and service required in ordering paragraphs (13) and (14).